

Financial Strategic Plan

I. Background

The City's Financial Strategic Plan (Plan) is designed to be a fluid document that must be updated each year to reassess the condition of the General Fund, confirm the validity of proposed reductions, add new ideas to address changes in the financial and service delivery environment, and make appropriate adjustments to ensure that the Plan reflects the City Council priorities and input from the community. This section of the Budget is designed to provide an overview of the Plan and provide detailed information on the Plan's direction for the Fiscal Year 2006 (FY 06). **Attachment A** to this section shows the Adopted FY 06 Plan Model providing an overview of the first three years of the Plan (FY 04 – FY 06), and **Attachment B** contains further detail regarding adopted Plan solutions for FY 06 by Plan category.

II. Development of the Financial Strategic Plan

In September 2002, the Mayor and City Council directed the City Staff to create a Plan to address the City's burgeoning structural deficit in the General Fund, which was projected to reach approximately \$102 million over the next three years if the City took no action. Stagnant revenue projections from the voter-approved Utility Users Tax (UUT) reduction, coupled with increased costs such as general liability insurance, workers' compensation, retirement benefits, employee health insurance, and spending on City programs would contribute to this increased gap between ongoing revenues and expenditures. The Plan would eliminate the City's reliance on one-time revenues to balance its budget by rationally and responsibly bringing spending in line with revenues. From the outset, the City Council was supportive of creating an inclusive process to develop the Plan, where all stakeholders could participate in devising strategies to reduce the deficit, while protecting core services and optimizing the organization.

The Mayor and City Council called for the development of the Plan to balance the budget over three years. Departments began immediately evaluating their operations, defining their programs and services and determining the cost of each service. Employees were asked for their ideas through the Voluntary Idea Program (VIP), which garnered over 360 ideas from all levels of the organization. The City launched the Voice Your Choice Community Survey, gathering over 13,500 responses, including over 7,000 written ideas, in an unprecedented community outreach campaign to educate the public on the situation and solicit their ideas and feedback. Based upon this feedback, departments used all this information to generate over 1,600 options to reduce the deficit, which the City Manager and his Executive Management Team used to build the Plan for the City Council's consideration.

The Plan was unveiled to the City Council on January 7, 2003. It contained a comprehensive set of deficit solutions, with 83 percent of the solutions derived from reductions in expenses, and the balance from increased fees, taxes or other revenue. Through the Plan, approximately 487 positions were to be reduced, while every effort would be made to implement efficiency improvements within the internal organization before reducing services to the community. The Plan called for a 25 percent reduction in management over three years in the General and related funds (related funds are those that directly impact the General Fund), and \$11.3 million reduction in general administration and management costs by FY 06.

Since over 70 percent of all costs in the General Fund are related to employee wages and benefits, employees were asked to be a part of the solution by setting a target of \$23.4 million in savings through changes in employee compensation, benefits and work practices. Optimization was also a key aspect of the Plan, with a goal of \$6.9 million in changes in internal operations and organizational changes, and \$3.8 million in potential contracting-in/out opportunities.

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Despite sizeable savings from internal City changes in operations, some services were planned for reduction or elimination. The Plan included reductions to: library services; public safety and support services; nominal reductions to non-critical public safety costs; arts and cultural programs; recreation services; communications, promotions and special events; and business services and attraction.

The Plan also included a number of outside reviews to solicit information on best practices to help the City become more cost-effective in areas such as Fire Services, Workers' Compensation and Code Enforcement. Finally, the Plan recommended increases in fees to help recover costs, increased marketing and return on City assets, and select voter-approved taxes to help maintain an adequate level of core services. Some use of one-time resources was also recommended over the three year period to help the City make difficult changes without having to devastate services or the organization in the process.

The City Manager and his staff presented the proposed Plan to the City Council and held over 80 community meetings to brief community stakeholders on the potential impacts, and to answer questions and collect input for the City Council's consideration. After two months of intense review, the City Council officially endorsed the Plan on March 25, 2003. For more information on the Financial Strategic Plan please go to the following Internet website: **www.longbeach.gov/finance**.

III. Plan Accomplishments in FY 04 and FY 05

The City has made significant progress in its effort to reduce its structural deficit over the past two years through strategic cost reductions and revenue increases. Approximately \$74 million in structural budget solutions were approved by the City Council through FY 05, and all have been achieved with the exception of approximately \$4 million in FY 05 savings (\$3 million in savings from employee salary, benefit and work practices and \$800,000 in custodial optimization).

Successful reductions have been made in all areas of the organization, through reductions in administration, management, staffing, equipment and supplies, optimization efforts and through the reduction in services to the community. Both employees and the community alike have shared in the impacts of the Plan's solutions. Employees have taken on increased workloads and have begun to make contributions to the cost of their benefits. The community, of course, has felt the impacts of the Plan through longer customer service response times, decreased library hours (by 20 percent) and recreation services, delayed street maintenance services, increased charges for services and curtailed funding to community service and art organizations.

In FY 04, the City reduced the structural deficit by \$41 million, including \$28 million in expenses and \$13 million in new revenue, while decreasing reliance on one-time revenues from \$43 million in FY 03 to \$19.6 million in FY 04. The City successfully negotiated \$3.4 million in General Fund savings with the public safety unions, redeployed police officers back into patrol functions, and eliminated over 170 positions (including 28 management positions), while avoiding layoffs. Other examples of reductions to the organization included eliminating over 225 vehicles from the City's fleet, and hundreds of thousands of dollars worth of cell phones, pagers and other equipment. The City also deferred some funding for capital projects and facility maintenance.

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As recommended in the Plan, the FY 04 Budget included reductions in non-core City services. The City reduced recreation spending to outside agencies such as the Forklorico youth dance program, Pools of Hope swimming program, and the Long Beach Unified School District's summer recreational playground program. Other recreational reductions included some staffing at the Nature Center, Senior Olympics and OlympiKid programs. The City also began reductions in support of the arts, with \$530,000 in total reductions to the Public Corporation for the Arts, the Long Beach Museum of Art, the Municipal Band and related arts support costs. The City implemented a rolling closure model for libraries, where each branch library strategically reduced one day of service on the day that other libraries in the area would be open. This model saved significant dollars while mitigating the impact to the community by providing an opportunity for library patrons to utilize other nearby libraries. The Library also eliminated Sunday service at Bayshore and Main Libraries.

Higher fees were implemented for certain services to better recover costs. Revenue targets were determined for marketing and sponsorship opportunities, which staff began developing over the last year. Finally, increases in parking citations and fees to match those of comparable cities generated additional revenue, and the City's General Fund benefited from the South East Resource Recovery Facility's (SERRF) increased profits.

In FY 05, the City continued to make bold strides toward reducing the structural deficit by an additional \$29 million with spending reductions of \$22 million and generating approximately \$7 million in new revenue. The use of one-time resources was reduced to \$11.4 million as well, down from \$19.6 million in FY 04. Reductions in internal City operations, administration and management continued. The Plan eliminated another 202 positions in FY 05, mostly vacant, which allowed the City to reduce positions without impacting employees. To this end, the City Manager developed an Employee Transition Team to ensure any impacted employees found alternate positions within the City. The City was, and continues to be, committed to working with every impacted employee to either transition them to a new position within the City or help them achieve outside employment if no internal opportunities exist.

The City also achieved significant savings in FY 05 through continued optimization of City services. Increasing return on assets provided new revenue that is not generated by fees or taxes paid by the community. The City will continue to adjust fees to more appropriately recover costs, which will allow the City to continue to provide quality services. Core City services also remained protected in FY 05 with the community continuing to enjoy excellent police and fire services, planning and building services, health services, street and traffic services, refuse, and many other core municipal services.

IV. Updating the Plan

In February 2005, the City Manager directed his departments to review items in the Plan and to develop new ideas to provide additional options beyond those originally envisioned for FY 06. Departments used the City Council's stated goals, the community's input received at numerous budget presentations and workshops, and the City Manager's goals as a general guide to generate deficit reduction solutions for FY 06 and to ensure that these solutions would be representative of stakeholder interests.

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The City Manager used input from department directors, employees and the community to generate a comprehensive set of solutions for FY 06. A critical element to the proposed Plan in FY 06 was the extension of the Plan into a fourth year, intended to allow the City to utilize natural revenue growth to address Public Safety employee compensation issues and make modest investment in critical street and facility maintenance. Where the originally endorsed Plan solved all but \$671,000 of the projected \$102 million structural deficit by the end of FY 06, the extended Plan as adopted by the City Council solved \$92 million, leaving approximately \$10 million to be solved in FY 07.

A status report on the Plan was presented to the City Council on May 10, 2005, a proposed update to the Plan was presented to the City Council on June 21, 2005 and details of proposed FY 06 Plan solutions were shared with the community at the July 9, 2005 citywide Budget Summit (see the following section for more details on community involvement in the FY 06 budget development process). These discussions provided an opportunity for the Mayor, City Council and community to hear the City Manager's recommendations, ask questions and provide input on the updated Plan as a preview of the FY 06 Budget.

V. Budget Summit and Community Involvement

On July 9, 2005 the City previewed the FY 06 Proposed Budget for the community at the third annual *Budget Summit: Community Voices and Budget Choices* workshop. This event was designed as an opportunity to inform the community on proposed changes to the Budget before it was officially presented to the City Council in August, answer questions and solicit feedback. Approximately 300 members of the community and employees attended the workshop to discuss core services maintained through the FY 06 Proposed Budget as well as recommended solutions through the Plan. Community members also had the opportunity to ask direct one-on-one questions to department directors and City officials in the following service areas:

- Community safety
- Employee impacts, service optimization and new revenue options
- City infrastructure, maintenance and utilities
- Neighborhoods, business and health communities
- Libraries, parks and recreation, and cultural services

The citywide Budget Summit was one component of the outreach efforts scheduled during the FY 06 budget process. Starting in January 2005, the City Council and the Budget Oversight Committee scheduled public meetings to discuss implementation of FY 05 Plan solutions and the development of the FY 06 Proposed Budget in detail. In April, May and June, City Manager and Financial Management staff visited over 40 neighborhood, commission and committee meetings as well, in an effort to disseminate information about the budget and generate community input on possible solutions. The Mayor and City Council held additional public budget workshops and hearings throughout August and September to discuss the Plan's impacts, make recommendations and adopt final Plan solutions with the FY 06 Budget.

VI. Structural Deficit Reductions for FY 06

Looking to FY 06, there remained approximately \$32 million in structural deficit to solve. Given the need to address overdue public safety compensation and critical infrastructure repair needs, the City Manager recommended that the Plan be extended to a fourth year. The FY 06 Adopted Budget resolves an additional \$22 million of the structural deficit through further staffing reductions, optimization savings, service reductions and revenue solutions, and leaves approximately \$10 million in structural reduction to solve in FY 07. Adding a fourth year to the Plan allows the City to utilize natural revenue growth to address the Public Safety compensation issue and make a modest investment in critical street and facility maintenance.

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The following sections describe how the FY 06 Adopted General Fund Budget adheres to the Plan's objectives of addressing the City's General Fund structural deficit, addressing natural cost growth, making critical investments and implementing Plan reductions. Implementation of Year Three of the Plan results in a proposed \$15.6 million reduction in the FY 06 operating budgets for City Manager-directed departments, with \$13.6 million of those cuts achieved in the General Fund and the balance of \$2 million in the related funds (i.e., Gas Fund, Towing Fund, Employee Benefits Fund, Insurance Fund, Civic Center Fund, Fleet Fund and General Services Fund). Reductions in related funds directly and indirectly benefit the General Fund. In the area of general administration and management the City will save \$2.1 million through additional management reductions, support staff and contract savings.

Originally planned employee concessions ran counter to the City's need to attract and retain a highly skilled and motivated workforce, therefore savings target in this area was significantly reduced. The original Plan called for \$15 million in employee compensation, benefits and work practices in FY 06. Through the Adopted Plan, the City will partner with employees to find \$4.9 million in savings in the area of employee health insurance savings while attempting to minimize negative impacts to the level of benefits provided. Operational and organizational changes continue to be a focus for the City, and the Plan sets a goal of \$5.2 million through additional savings from the Workers' Compensation study, changes in Financial Management utility meter reading and billing operations, and other changes in multiple departments. A goal of \$1,000,000 in optimization or contracting in/out savings is included in the Adopted Plan.

In recreation services, the Plan calls for \$458,000 in various reductions to the Discover Long Beach parks programs, reducing Nature Center operations to 5 days per week and other recreational programs. The Main Library and North Branch will be closed an additional day per week, together with further trimming of the materials budget will save \$452,000. For public safety support and related services, the Police Department will continue to implement Public Safety Advisory Committee-approved crossing guard reassignments; and in Parks, Recreation and Marine a reduction of the citywide park ranger program back to historical levels will save a total of \$291,000. General Fund support of arts and cultural programs will continue to be reduced, as the City seeks non-General Fund and/or corporate support to maintain the Municipal Band at current levels to save \$350,000 in FY 06. The City will continue to implement the recommendations of the Code Enforcement Study, and expect to achieve \$150,000 through continued optimization and reengineering of this service. To see a more detailed listing of the reductions included for FY 06 by category, please see **Attachment B** of this section or refer to the individual department chapters in the Budget book for department-specific reductions.

Table 1 below reflects the success of the Plan in addressing the structural deficit:

Table 1: Impact on the Structural Deficit FY 04 to FY 06

| | |
|---|---------------------|
| Beginning Projected General Fund Structural Deficit | \$102 million |
| Plan Year One: FY 04 Achieved Solutions | - \$41 million |
| Plan Year Two: FY 05 Achieved Solutions | - \$29 million |
| Plan Year Three: FY 06 Adopted Solutions | - \$22 million |
| Total Structural Solutions: FY 04 – FY 06 | \$92 million |
| Structural Deficit to be Solved FY 07 | \$10 million |

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VII. FY 07 and Beyond

Solutions to address the remaining \$10 million in General Fund structural deficit will be devised during the FY 07 budget development process, to reflect FY 06 revenue and savings performance, revised FY 07 resource estimates, evolving expenditure assumptions or other changes in the General Fund's service delivery environment. While it is anticipated that all Plan solutions will be fully implemented by the end of FY 06, should there be difficulty in achieving structural gains in the area of optimization, contracting, employee benefits (namely employee health insurance savings), revenue from new fees or return on assets, the level of solutions required in FY 07 may increase accordingly. Nonetheless, the City will continue to handle its structural deficit in a transparent and collaborative manner, utilizing feedback from the community and employees to incorporate solutions that are aligned with the overall goals of the Mayor, City Council and the community, and position the City for the future through fiscal sustainability.

Adopted FY 06 Financial Strategic Plan Model

| Category | FY 04 | | FY 05 | | FY 06 | | Three Year Total | | % of the Solution |
|---|-----------------------|-------------|-----------------------|-------------|-----------------------|------------|-----------------------|-------------|-------------------|
| | Dollars | FTE | Dollars | FTE | Dollars | FTE | Dollars | FTE | |
| Updated Structural Budget Gap | \$16,755,000 | | \$39,000,000 | | \$3,500,000 | | \$102,255,000 | | |
| Structural Deficit Remaining from Prior Year | \$43,000,000 | | \$18,930,534 | | \$29,069,374 | | | | |
| Total Structural Budget Gap | \$59,755,000 | | \$57,930,534 | | \$32,569,374 | | | | |
| Carry-over from Previous Year | (\$9,500,000) | | (\$10,069,017) | | (\$6,400,000) | | | | |
| Backfill from State VLF Loss | | | (\$7,700,000) | | | | | | |
| Current Year Budget Gap | \$50,255,000 | | \$40,161,517 | | \$26,169,374 | | | | |
| General Administration and Management | (\$7,153,614) | | (\$3,873,069) | | (\$2,105,584) | | (\$13,132,267) | | 14.3% |
| Employee Compensation, Benefits & Work Practices | (\$3,383,498) | | (\$2,000,000) | | (\$4,930,000) | | (\$10,313,498) | | 11.3% |
| Contracting Opportunities | (\$1,199,229) | | (\$960,000) | | (\$1,000,000) | | (\$3,159,229) | | 3.5% |
| Operational and Organizational Changes | (\$5,384,697) | | (\$4,710,695) | | (\$5,182,696) | | (\$15,278,088) | | 16.7% |
| Capital Projects and Infrastructure | (\$163,200) | | (\$2,241,568) | | (\$180,000) | | (\$2,584,768) | | 2.8% |
| Maintenance Reductions | (\$518,365) | | (\$1,578,226) | | (\$30,000) | | (\$2,126,591) | | 2.3% |
| Materials, Supplies and Equipment | (\$3,948,483) | | (\$1,683,036) | | (\$448,487) | | (\$6,080,006) | | 6.6% |
| Recreation Services | (\$590,352) | | (\$598,546) | | (\$457,607) | | (\$1,646,505) | | 1.8% |
| Library Services | (\$853,964) | | (\$394,060) | | (\$452,316) | | (\$1,700,340) | | 1.9% |
| Public Safety Support and Related Services | (\$3,443,499) | | (\$1,399,729) | | (\$291,000) | | (\$5,134,228) | | 5.6% |
| Public Safety Emergency Services | (\$155,009) | | (\$1,826,906) | | | | (\$1,981,915) | | 2.2% |
| Arts and Cultural Programs | (\$529,194) | | (\$50,000) | | (\$350,000) | | (\$929,194) | | 1.0% |
| Communication, Promotions and Special Events | (\$203,253) | | (\$144,739) | | | | (\$347,992) | | 0.4% |
| Business Services and Attraction | (\$275,605) | | (\$71,326) | | | | (\$346,931) | | 0.4% |
| Code Enforcement | (\$223,656) | | (\$464,217) | | (\$150,000) | | (\$837,873) | | 0.9% |
| TOTAL EXPENDITURE REDUCTIONS | (\$28,025,618) | -174 | (\$21,996,117) | -202 | (\$15,577,690) | -25 | (\$65,599,425) | -401 | 71.6% |
| Return on Assets & Marketing Opportunities | (\$6,032,068) | | (\$2,289,630) | | (\$3,874,709) | | (\$12,196,407) | | 13.3% |
| Implementation of New Fees | (\$225,440) | | (\$3,400) | | (\$265,688) | | (\$2,395,544) | | 2.6% |
| Increases in Existing Fees | (\$6,541,340) | | (\$4,572,013) | | (\$2,166,704) | | (\$11,379,041) | | 12.4% |
| New or Increased Taxes | | | | | | | | | |
| TOTAL REVENUE ADJUSTMENTS | (\$6,766,780) | | (\$4,575,413) | | (\$2,432,392) | | (\$13,774,585) | | 15.1% |
| Impact to the Structural Deficit | (\$40,824,466) | | (\$28,861,160) | | (\$21,884,791) | | (\$91,570,417) | | 100.0% |
| One-time Revenues/Transfers | (\$19,581,119) | | (\$11,361,910) | | (\$10,451,000) | | (\$41,394,029) | | |
| Total Cost/Revenue Adjustments (including one-time) | (\$60,405,585) | | (\$40,223,070) | | (\$32,235,791) | | (\$132,864,446) | | |
| FY 04 One-Time State VLF Shift | \$7,700,000 | | | | | | | | |
| Funding of Infrastructure Reserve | | | \$200,000 | | | | | | |
| STRUCTURAL DEFICIT REMAINING | \$18,930,534 | | \$29,069,374 | | \$10,684,584 | | | | |

Financial Strategic Plan Implementation by Category: Year Three (FY 06)

| Category | FY 06 Dollars | FY 06 FTE | Percent of the Solution |
|---|--------------------------|----------------------|--|
| General Administration and Management | (\$2,105,584) | -7.0 | 9.6% |
| Category Includes: | | | |
| Reallocate Administrative Costs to Non-General Funds | | | (\$413,689) |
| Reduce Management and Administrative Staffing | | | (\$886,413) |
| Reduce Materials, Supplies and Outside Contracts | | | (\$285,039) |
| Realign Budgets to Reflect Reduced Costs for Services | | | (\$520,443) |

| Category | FY 06 Dollars | FY 06 FTE | Percent of the Solution |
|---|--------------------------|----------------------|--|
| Employee Benefits and Work Practices | (\$4,930,000) | | 22.5% |
| Category Includes: | | | |
| Optimize Employee Health Insurance Program | | | (\$4,900,000) |
| Reduce Budget to Reflect Insurance Premiums | | | (\$30,000) |

| Category | FY 06 Dollars | FY 06 FTE | Percent of the Solution |
|--|--------------------------|----------------------|--|
| Contracting Opportunities | (\$1,000,000) | | 4.6% |
| Category Includes: | | | |
| Additional Contracting Opportunities (TBD) | | | (\$1,000,000) |

| Category | FY 06 Dollars | FY 06 FTE | Percent of the Solution |
|--|--------------------------|----------------------|--|
| Operational and Organizational Changes | (\$5,182,696) | 3.2 | 23.7% |
| Category Includes: | | | |
| Additional Savings from Workers' Compensation Reforms | | | (\$700,000) |
| Reduce Staffing and Personnel Costs | | | (\$1,729,719) |
| Reduce Operational, Contract and Facilities Costs | | | (\$1,540,982) |
| Optimize Paramedic Collections and Parking Enforcement | | | (\$400,000) |
| Reallocate Operational Costs to Non-General Funds | | | (\$811,995) |

| Category | FY 06 Dollars | FY 06 FTE | Percent of the Solution |
|--|--------------------------|----------------------|--|
| Capital Projects and Infrastructure | (\$180,000) | | 0.8% |
| Category Includes: | | | |
| Suspend Non-critical Park CIP Expenditures | | | (\$50,000) |
| Reduce Wireless and Computer Hardware Expenses | | | (\$130,000) |

| Category | FY 06 Dollars | FY 06 FTE | Percent of the Solution |
|--|--------------------------|----------------------|--|
| Maintenance Reductions | (\$30,000) | | 0.1% |
| Category Includes: | | | |
| Curtail Funding for Structural Improvements at Parks | | | (\$30,000) |

| Category | FY 06 Dollars | FY 06 FTE | Percent of the Solution |
|--|--------------------------|----------------------|--|
| Materials, Supplies and Equipment | (\$448,487) | | 2.1% |
| Category Includes: | | | |
| Reductions in Fleet Costs and Services | | | (\$24,957) |
| Reduced Technology and Equipment Costs | | | (\$372,440) |
| Reduced Travel Expense | | | (\$11,090) |
| Reduced Parking Operations Expense | | | (\$40,000) |

| Category | FY 06 Dollars | FY 06 FTE | Percent of the Solution |
|--|--------------------------|----------------------|--|
| Recreation Services | (\$457,607) | -12.1 | 2.1% |
| Category Includes: | | | |
| Reduce Nature Center by One Day, to 5 days Per Week | | | (\$59,000) |
| Suspend Discover Long Beach Parks Program | | | (\$56,947) |
| Reduce Staffing in the Intervention and Prevention Program | | | (\$23,617) |
| Reduce Administration and Supplies for Day Camps and Summer Food Program | | | (\$58,000) |
| Allocate Blair Field Costs to Facility Users | | | (\$47,654) |
| Reduce General Fund Mobile Skate Park and Mobile Recreation Programs | | | (\$27,403) |
| Reduce Recreation Programs at School Sites on Sundays | | | (\$98,919) |
| Restructure Teen Center Activities to High Demand Sites | | | (\$86,067) |

| Category | FY 06 Dollars | FY 06 FTE | Percent of the Solution |
|--|--------------------------|----------------------|--|
| Library Services | (\$452,316) | -5.5 | 2.1% |
| Category Includes: | | | |
| Close Main Library One Additional Day, to 5 Days Per Week | | | (\$262,006) |
| Close North Library One Additional Day, to 5 Days Per Week | | | (\$56,924) |
| Delay Wireless Networks in Neighborhood Libraries | | | (\$100,000) |
| Internal Service reductions in Fleet and Energy Costs | | | (\$33,386) |

| Category | FY 06 Dollars | FY 06 FTE | Percent of the Solution |
|---|--------------------------|----------------------|--|
| Public Safety Support and Related Services | (\$291,000) | -5.27 | 1.3% |
| Category Includes: | | | |
| Redeploy Crossing Guards from PSAC-approved Corners | | | (\$50,000) |
| Restructure Citywide Park Ranger Program | | | (\$241,000) |

| Category | FY 06 Dollars | FY 06 FTE | Percent of the Solution |
|----------------------------------|--------------------------|----------------------|--|
| Public Safety Emergency Services | | | |

The FY 06 Adopted Budget does not include any Public Safety and Emergency Service solutions.

| Category | FY 06 Dollars | FY 06 FTE | Percent of the Solution |
|--|--------------------------|----------------------|--|
| Arts and Cultural Programs | (\$350,000) | | 1.6% |
| Category Includes: | | | |
| Develop Corporate Sponsorship for Municipal Band | | | (\$350,000) |

| Category | FY 06 Dollars | FY 06 FTE | Percent of the Solution |
|--|--------------------------|----------------------|--|
| Communication, Promotions and Special Events | | | |

The FY 06 Adopted Budget does not include any Communication, Promotions and Special Event solutions.

| Category | FY 06 Dollars | FY 06 FTE | Percent of the Solution |
|----------------------------------|--------------------------|----------------------|--|
| Business Services and Attraction | | | |

The FY 06 Adopted Budget does not include any Business Service and Attraction solutions.

| Category | FY 06 Dollars | FY 06 FTE | Percent of the Solution |
|---|--------------------------|----------------------|--|
| Code Enforcement | (\$150,000) | | 0.7% |
| Category Includes: | | | |
| Utilize Combination Building Inspector Aides for General Property Inspections | | | (\$150,000) |

| Category | FY 06 Dollars | FY 06 FTE | Percent of the Solution |
|--|--------------------------|----------------------|--|
| Return on Assets & Marketing Opportunities | (\$3,874,709) | 2 | 17.7% |
| Category Includes: | | | |
| Provide Basic Life Support Transportation Service In-house | | | (\$445,695) |
| Increase Cable Franchise Revenue | | | (\$140,000) |
| Fully Implement Pipeline Permit Fee | | | (\$1,588,371) |
| Proceeds from Sublease of North PAL Facility | | | (\$65,520) |
| Implement Evening Parking Enforcement Detail | | | (\$132,123) |
| Parking Citation Processing for LBCC | | | (\$55,000) |
| Proceeds from Business License Tax Audits | | | (\$118,000) |
| Demand Driven Increase in Towing Revenue | | | (\$1,100,000) |
| Enforcement of Construction Debris Recycling Ordinance | | | (\$230,000) |

| Category | FY 06 Dollars | FY 06 FTE | Percent of the Solution |
|--|------------------|--------------|----------------------------|
| Implementation of New Fees | (\$265,688) | | 1.2% |
| Category Includes: | | | |
| Credit Card Banking Fee on Phone/Internet Payments | | | (\$130,823) |
| Remote Pay Station Fee | | | (\$50,000) |
| Implement Sundry Library Service Fees | | | (\$5,640) |
| Implement Fee for Structural Observation Reports | | | (\$18,500) |
| Implement Towing Fees to Improve Cost Recovery | | | (\$23,725) |
| Implement Various Utility Account and Service Fees | | | (\$87,000) |

For a more detailed listing of Adopted FY 06 Fee Adjustments, including those mentioned above that relate to the Plan, please refer to **Attachment D** of the City Manager's Proposed Budget Message.

| Category | FY 06 Dollars | FY 06 FTE | Percent of the Solution |
|--|------------------|--------------|----------------------------|
| Increases in Existing Fees | (\$2,166,704) | | 9.9% |
| Category Includes: | | | |
| Increase Sundry Library Service Fees | | | (\$4,180) |
| Increase Fire Prevention Fees | | | (\$220,737) |
| Increase Gas Connection Fee | | | (\$174,000) |
| Increase Health Housing Inspection Fees | | | (\$29,000) |
| Increase Utility Account and Service Fees | | | (\$640,000) |
| Increase Various Building and Inspection Fees | | | (\$153,706) |
| Increase Various Facility Rental and Recreation Fees | | | (\$161,256) |
| Increase Street Sweeping Citation and Fee Study Fees | | | (\$375,355) |
| Increase Towing Fees to Increase Cost Recovery | | | (\$385,070) |

For a more detailed listing of Adopted FY 06 Fee Adjustments, including those mentioned above that relate to the Plan, please refer to **Attachment D** of the City Manager's Proposed Budget Message.

| Category | FY 06 Dollars | FY 06 FTE | Percent of the Solution |
|---------------------------------|--------------------------|----------------------|--|
| New or Increased Existing Taxes | | | |

The FY 06 Adopted Budget does not include any new taxes or increases in existing taxes.

| Category | FY 05 Dollars | FY 05 FTE | Percent of the Solution |
|-----------------------------|--------------------------|----------------------|------------------------------------|
| One-time Revenues/Transfers | (\$10,451,000) | | N/A |

While the City is determined to gradually downsize the organization, eliminate the structural deficit and reduce the City's reliance on one-time funds, prudent uses of one-time resources can be a useful tool to implement this multi-year strategy while maintaining core services to the community. Examples of uses of one-time resources in FY 06 include proceeds from land sales, transfer from the Gas Fund, revenue from a Transient Occupancy Tax audit and reimbursement from the Federal Emergency Management Agency (FEMA) for expenses incurred during the February 2005 winter storms.

A major goal of the Plan is to eliminate reliance on one-time revenue to balance the budget and much progress is being made toward that goal. The FY 03 Budget required \$43 million in one-time resources, while the FY 06 Adopted Budget recommends only using \$10.4 million.